



THE CITY OF SAN DIEGO

San Diego Regional Revolving Loan Fund
Program Elements/Descriptions

Note any areas where your
project does not meet the
criteria, or requirement.

Purpose and Background:

The San Diego Regional Revolving Loan Fund (SDRRLF) can supplement private financing of new or rehabilitated buildings, fixed machinery and equipment, working capital and soft costs, in the RLF project area. *Project area is defined as eligible census tracts in the cities of San Diego, National City, Imperial Beach, and Chula Vista. (Note: No other areas in San Diego County are eligible for this program.)*

1. Eligibility:

The applicant must meet the following eligibility criteria to apply for funding.

- Be located in an eligible project area census tract in one of the partner cities: San Diego, National City, Imperial Beach or Chula Vista.
- Create new employment opportunities (jobs).
- Have firm financial commitments for other components of the project to be financed. (The SDRRLF does not make direct loans, but finances “gaps” in a project.)
- Be willing to comply with all regulations, guidelines, policies, and requirements, as they relate to the program.
- Demonstrate that financing is not otherwise available on terms or conditions that would permit completion and/or the successful operation or accomplishment of the project activities to be financed.
- Demonstrate credit worthiness and the ability to repay the loan.

2. Uses:

The applicant must demonstrate the need for RLF funding:

- RLF funds are necessary for project implementation (RLF funds are not designed as a substitute for conventional lending sources).

Specific uses include:

- Rehabilitation of existing buildings, including related soft costs.
- New construction, including related soft costs.
- Property acquisition and improvements, including related soft costs.
- Fixed equipment or machinery.
- Working capital, either permanent or interim, and inventory.
- Commercial lease guarantees.
- Other, as deemed beneficial to the goals of the program.

3. Public Benefit:

- a. Job creation: New jobs are allocated at the rate of \$30,000 per for the RLF.

(Example: 6 new jobs created would allow funding up to \$180,000 for a single project)

- b. Job retention: Job retention must be supported by documents that detail the reason the company would leave the area, loose jobs, etc. EDA's job retention requirement does not allow for a company to move from one part of the county/city to another to qualify for jobs being retained because the mileage driven by the employee would not be substantial.)

4. Financing: The following conditions will guide the selection of loan commitments:

a. Loan Amount:

- The RLF loan cannot exceed 33% of the total eligible project costs. Projects requiring greater than 33% of RLF participation will be considered on a case-by-case basis, and may require an additional approval from EDA. Priority may be given to projects with less than 20% RLF participation.

Example: Project Size: \$500,000
 Loan Approval: \$300,000 (60%)
 Equity: \$50,000 (10%)
 Gap: \$150,000 (30%)

- Loan amounts will be from \$150,000 to \$250,000, in general, with the capacity to loan up to \$750,000 with EDA approval.

5. Term (Length of Loan):

Generally loans will be direct loans fully amortized over three to seven years, however, longer loan terms will be available based upon the borrower's needs, repayment ability, and asset life. In general, loan terms will not exceed the average useful life of the assets being financed. Working capital loans will not carry a term in excess of seven years.

General terms based on asset being financed are:

Fixed Asset financing: Up to 10 years
Commercial Building Rehab. Up to 7 years
Permanent Working Capital Up to 7 years

6. Rate

The rate will be fixed at the time the loan is closed, based on rates established by the program.

In general, loan rates will be at or near market rates, generally at prime plus +2%. In no event will the interest rate be less than 4.0 percentage points below the current money center prime at the time the loan is approved, or the maximum interest rate allowed under state law, whichever is lower, or less than 4%.

7. Fees assessed in conjunction with this project are:

Non-refundable Application Fee: \$250

Commitment Fee

(90-day commitment): \$150

Commitment Extension Fee \$250

(For additional 180 days)

Or: \$500 for additional 270 days

Or: \$750 for additional 365 days

Loan Fee: 1% of amount borrowed

Out of Pocket Costs: Paid by borrower at closing

8. Equity Requirements:

- Ten to thirty percent of the total project cost.
- Higher equity requirements may be required, depending on the project being financed by the RLF.

9. Collateral: One or a combination of the following will be required:

- a. Personal guarantees of all owners of 20% or more of the business, or active in management.
- b. A first or second Deed of Trust on real property, owned by the business or guarantor.
- c. Assignment of rents, leases, and/or receivables.
- d. Security interest in equipment, inventory, and/or other assets.
- e. Assignment of life insurance policies (key man insurance) on owners and/or key management personnel.
- f. Deed of Trust on personal residence of key management.

10. Loan Underwriting/Due Diligence:

When it has been determined that the applicant/prospect qualifies under the Federal loan criteria listed in items 1-9 above, an applicant package will be provided. Upon receipt of the completed application package, a standard underwriting process will commence that will entail a review of your business venture, the other elements of financing available for your project (bank loans, etc.), your ability to repay the loan, collateral, etc.

11. Applicant/Prospect:

Owner/Applicant Name: _____

Address (Actual Location of Business Operations):

Street: _____

City: _____

Zip Code: _____

Phone Number: _____

Fax Number: _____

Email: _____

Business Type/Industry/Product: _____

Years in Business: _____

If your company is a start-up, how many months have you been in business, or when do you expect to commence operation of your business: _____

How did you hear about the San Diego Regional Revolving Loan Fund? _____

12. Processing Procedures: Potential applicants can initiate a loan application by contacting the City of San Diego, Economic Development Division at 619-533-7454 or by e-mail at phughesraber@sandiego.gov.

Note: This worksheet is not a loan application. If your project qualifies for consideration under the eligibility requirements of the SDRRLF, a formal application will be provided.